

Message Text

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ACTION EB-08

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C O N F I D E N T I A L ROME 15702

E.O. 11652 GDS
TAGS: EAIR, IT
SUBJECT: GOI THREAT TO PAN AM FLIGHTS BEYOND ROME

REF: STATE 215973

SUMMARY CHARGE DELIVERED NOTE BASED ON REFTEL TO MFA DIRECTOR GENERAL FOR ECONOMIC AFFAIRS. DURING DISCUSSION OF NOTE, CHARGE EMPHASIZED INJURY THAT ANY PRECIPITIOUS, UNILATERAL ACTION WOULD INFLECT ON TRAVELLING PUBLIC AND INCONSISTENCY OF ITALIAN AUTHORITIES POSTURE WITH OVERFALL FRIENDLY RELATIONS BETWEEN THE TWO COUNTRIES AND HIGH-LEVEL AGREEMENT TO INCREASE BILATERAL COOPERATION. MONDELLO INDICATED IMMEDIATE ACTION TAKEN AGAINST PAN AM. MFA HAS ASKED EMBOFF TO MEET WITH DGCA COLLINI ON AUGUST 28. END SUMMARY.

1. CHARGE AND EMBOFF CALLED ON AMBASSADOR MONDELLO, DIRECTOR GENERAL OF ECONOMIC AFFAIRS, MFA, AND PIETRSOANTO OF MFA CIVAIR OFFICE ON AUG 25 TO DELIVER NOTE 517 WHICH BASED ALMOST WORD FOR WORD ON TEXT PROVIDED REFTEL. AFTER FEW OPENING REMARKS ON BOTH SIDES, MONDELLO ASKED FOR POINT BY POINT REVIEW OF NOTE.

2. IN REGARD TO SECOND PARAGRAPH OF NOTE, MONDELLO SAID MEMORANDUM OF UNDERSTANDING (MOU) REFERS TO CAPACITY OFFERED AND, THEREFORE, GOI POSITION NOT INCONSISTENT WITH MOU.

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CHARGE RESPONDED THAT USG AND PAN AM HAVE ACCEPTED FREEZE AND ARE IMPLEMENTING IT ON FIFTH FREEDOM TRAFFIC BEYOND ROME, BUT GOI HAS INITIATED AND AGAIN APPEARS READY TO TAKE UNILATERAL ACTION DESPITE U.S. CONFORMANCE WITH FREEZE. EMBOFF ADDED THAT U.S. POSITION WAS THAT LIMIT ON CAPACITY OFFERED SHOULD BE AT LEVEL FILED AND ACCEPTED BY GOI IN 1977, BUT IN SPIRIT OF COMPROMISE HAD ACCEPTED LIMIT ON SECTORS EAST

OF ROME AS INDICATED IN MFA NOTE 079/6064 OF PARIL 4, 1978 WHICH REFERRED TO USABLE CAPACITY EQUIVALENT TO 707 FOR FIFTH FREEDOM PURPOSES. MONDELLO AND PIETROSANTO MADE CLEAR THAT THEY HAD DIFFERENT UNDERSTANDING OF WORDS USED IN THAT NOTE. WHEN DISCUSSION RETURNED TO THIS POINT, EMBOFF SPELLED OU THAT USG CONSIDERED "USABE CAPACITY" TO BE EQUIVALENT TO "CAPACITY THAT CAN BE SOLD TO PUBLIC" AND THAT FIFTH FREEDOM APPLIED TO TRAFFIC CARRIED IN AIRCRAFT AND NOT TO ENTIRE AIRCRAFT. PIETROSANTO CONCEDED HE HAD SAME UNDERSTANDING OF DEFINITION OF FI FIFTH FREEDOM BUT THAT CEILING WAS MEANT TO APPLY TO ENTIRE SECTOR OF ROUTE.

3. WITH REGARD TO THIRD PARA OF NOTE 517, MONDELLO NODDED CONCURRENCE, BUT SAID PAN AM HAD GOTTEN ITSELF INTO A BIND.

4. RE FROUTH PARA, MONDELLO SAID HE RECALLED AIDE MEMOIRE OF AUGUST 9, BUT TURNED TO PIETROSANTO IN SOME EMBARRASMENT TO INQUIRE ABOUT NATURE OF POINTS MADE IN EMBASSY'S EARLIER NOTES. EMBOFF PROVIDED COPIES OF THESE EARLIER NOTES TO PIETROSANTO WHILE DISCUSSION MOVED ON. NOTHING FURTHER WAS SAID ABOUT EARLIER NOTES OR REPLY TO THEM AND U.S. AIDE MEMOIRE OF AUG 9.

5. WHEN HE CAME TO FIFTH AND SIXTH PARAS NOTE 517, MODELLO SAID DECISION ON ISSUES WAS IN HANDS OF MINISTER FORLANI AND SECREATARY GENERAL MALFATTI. CHARGE SAID HE ASSUMED MONDELLO CONFIDENTIAL

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WOULD INFORM THEM OF U.S. APPROACH AND WOULD REMAIN INVOLVED. MONDELLO ASSURED CHARGE HE WOULD DO SO.

6. CHARGE THEN EMPHASIZED INJURY THAT WOULD BE DONE TO THOUSANDS OF PAN AM PASSENGERS IF ITALIAN AUTHORITIES WERE TO TAKE PRECIPITIOUS UNILATERAL ACTION, ESPECIALLY AFTER CHANGING AT LEAST MOMENT BASIS FOR ITS COMPLAINT AGAINST WAY IN WHICH PAN AM IMPLEMENTING FREEZE. HE SAID SUCH ACTION WAS NOT WORTHY OF OVERALL FRIENDLY RELATIONS THA EXISITED BETWEEN THE TWO COUNTRIES NOR OF THE HIGH LEVEL UNDERSTANDING BETWEEN OUR GOVERNMENTS. TO INCREASE COOPERATION BETWEEN THE TWO COUNTRIES. NOTING THAT GOI VIEWS ON CIVAIR MATTERS HAD BEEN PRESENTED AT HIGHESTLEVELS IN U.S. AND THAT ITALIAN VIEWS AND INTERPRETATIONS OF BILATERAL WERE FULLY UNDERSTOOD, CHARGE SAID DIFFERENCES BETWEEN TWO COUNTRIES WERE OF FINDAMENTAL NATURE AND, THEREFORE, COULD BEST BE ADDRESSED AT OCTOBER NEGOTIATING SESSION.

7. WITHOUT REPLYING DIRECTLY TO CHARGE'S POINTS MODELLO SAID IF ANYONE HADRIGHT TO COMPLAIN ABOUT BEING INJURED IT WAS ITALY AND ALITALIA AS PAN AM HAD BEEN THE ONE TO MAKE A CHANGE BY CREATING A NEW SITUATION -- USE OF 747'S BEYOND

ROME. HE NOTED THAT ALITALIA WAS THREATENING TO SUE GOI FOR FAILING TO USE BILATERAL TO PROTECT ALITALIA'S INTERESTS. EMBOFF QUESTIONED WHETHER ALITALIA REALLY SUFFERING INJURY DUE TO PAN AM FLIGHTS AND WHETHER ALITALIA COULD ABDORB THOUSANDS OF PASSENGERS THAT WOULD BE DEBOARDED IN ROME IF AUTHORITIES BOOK PRECIPITIOUS ACTION. MONDELLO ASKED WHETHER EMBASSY HAD BEEN IN RECENT CONTACT WITH CIVILAVIA. EMBOFF REPLIED THAT ALL RECENT CONTACTS HAD BEEN WITH MFA, THAT WHILE EMBASSY WILLING TO DISCUSS MATTER WITH CIVILAVIA, IT LOOKED TO MFA ESPECIALLY IN VIEW OF IMPLICIT THREAT THAT PAN AM TAKE-OFFS FROM ROME MIGHT BE BLOCKED BEGINNING AUG 26. MONDELLO SAID MFA WOULD DISCUSS MATTER WITH CIVILAVIA. HE DID NOT THINK CIVILAVIA WOULD TAKE ANY SUCH IMMEDIATE RESTRICTIVE ACTION.

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8. FOLLOWING THIS MEETING PIETROSANTO CALLED EMBOFF TO ASK HI TO ATTEND MEETING ON AUG 28 WITH DGCA COLLINI (WHO HAS JUST RETURNED TO ROME FROM HIS VACATION) AND PIETROSANTO. PAN AM AND ALITALIA REPS WOULD ALSO BE INVITED BUT WOULD WANT IN ADJOINING ROOM.

9. ACTION REQUESTED: PROVIDE GUIDANCE ON WHETHER AND UNDER WHAT TERMS EMBOFF SHOULD MEET WITH DGCA ON THIS MATTER. WE DO NOT WANT TO BE DRAWN INTO NEGOTIATING SESSION THAT MIGHT PREEMPT TO SOME EXTENT OCTOBER SESSION OR ANOTHER REVIEW OF U.S. AND ITALIAN ARGUMENTS, BUT PRESSURE ON PAN AM UNDOUBTEDLY GREAT AND POSSIBILITY OF BLOCKAGE OF FLIGHTS REMAINS. EMBOFF COULD ATTEND SIMPLY TO LISTEN TO GOI POSITION AND PROPOSALS (IF ANY) AD REFERENDUM. HOLMES

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